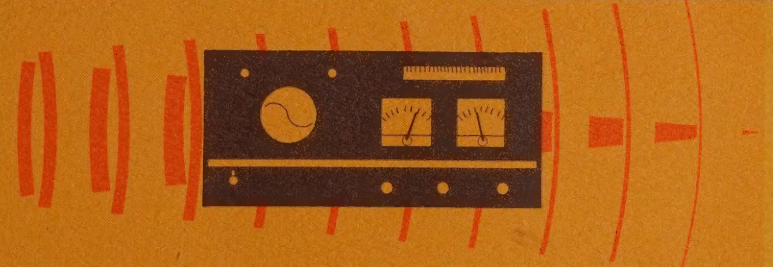
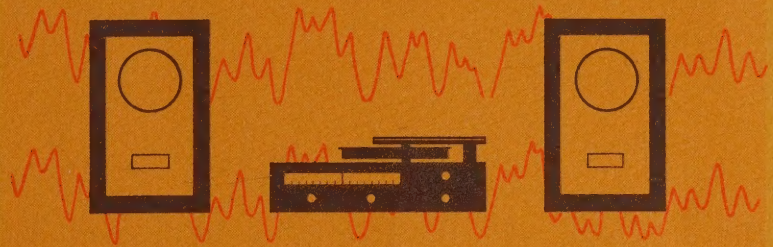
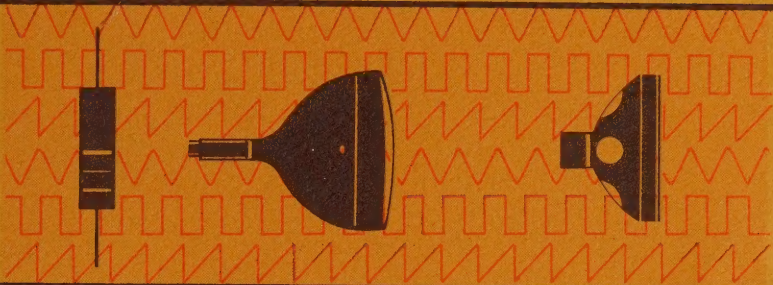


superior electronics
industries ltd.
annual report 1970



**superior electronics
industries ltd.
annual report 1970**

The thrust
of
Superior
Electronics

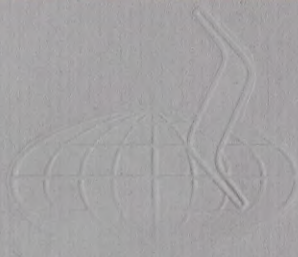
The new
Superior —
A multi-faceted
Electronics
company

Serving the
parts distributor —
providing over
20,000 different
items to the
television service
industry.

Serving the
consumer —
providing
an entire range
of car and home
entertainment
products.

Serving
industry —
providing
electronic
equipment for
quality and process
control.

Serving
the future —
researching
and developing
electronic
products
of tomorrow.

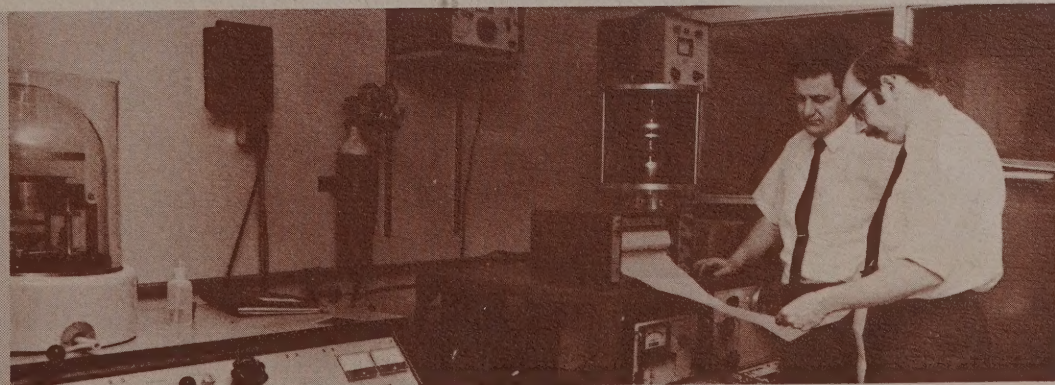
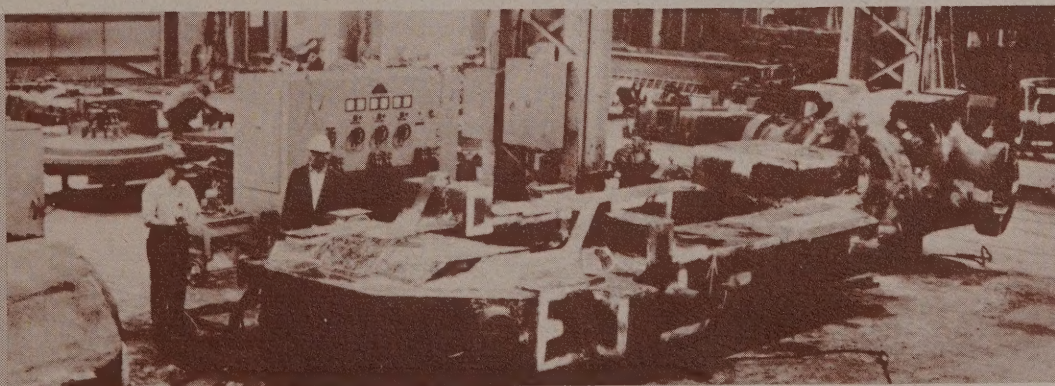
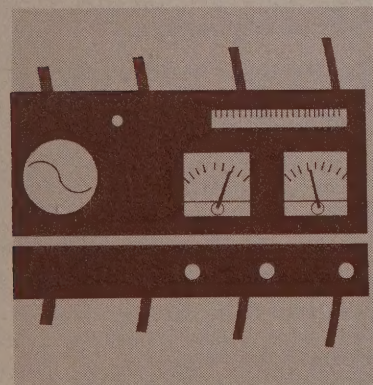
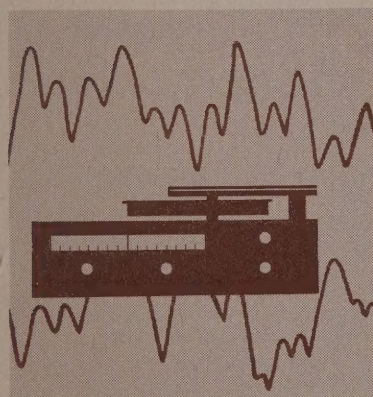
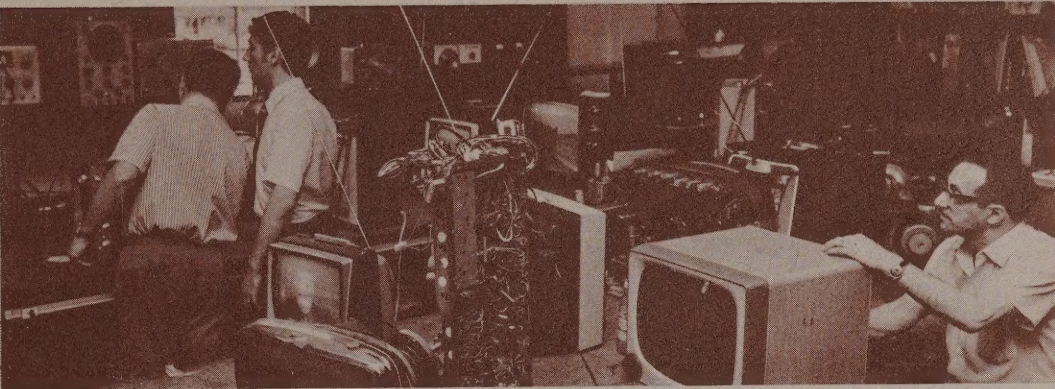
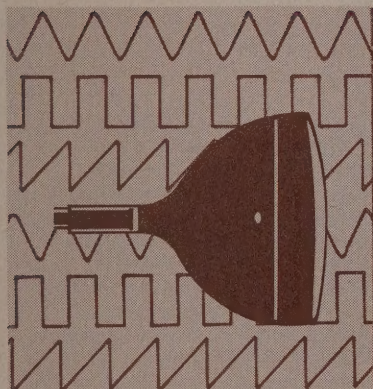
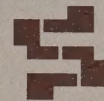


with our compliments

norman friedman
secretary-treasurer

superior electronics industries ltd.

2255 dandurand st., montreal 331, que. - (514) 271-4761



REPORT TO THE SHAREHOLDERS



This past year has been a most exciting, progressive and profitable year for our Company.

Parts and Consumer Electronics

Our Company has acquired William Cohen Corporation, an established coast-to-coast supplier of electronic and electrical parts, sound systems and home entertainment products. With this acquisition, Superior has become one of the leading suppliers to the parts distributor. With William Cohen Corporation as its base, our Company is undergoing a major expansion into consumer products through our recently formed subsidiary — Superior International Electronics Ltd.

Special Application Electronics

The acquisition of another important firm, Electro Physical Instruments Ltd., has also been completed. This Company is one of the largest suppliers of non-destructive material testing equipment in Canada and specializes in the design, fabrication and supply of such equipment.

Research and Development

Our Company has been successful in receiving two major grants from the Canadian Government. The Defence Research Board has granted us the sum of \$1,500,000, this sum being among the largest ever granted under the Defence Industrial Research Program.

In addition, the National Research Council has granted a sum of \$125,000. Both grants are earmarked for financing our five year polyconductivity program.

Polyconductivity holds a promise of being an important step forward in the development of solid state electronics. Leading scientists and engineers who have considered our program are convinced that it may lead to a virtual revolution in electronic technology.

We expect to produce a family of low cost materials that will replace many of the costly, difficult-to-produce devices in use in electronics today. Our objective is to provide industry with a wide range of devices which will not only simplify present products but enable the creation of an entire new sphere of electronic devices.

Business

With all this expansion into a wide variety of fields, the Superior Management team is still primarily concerned with day-to-day business.

The concept behind our growth is first to acquire a firm specializing in a particular electronics area, integrate its staff of experts into our operation, and then use the acquisition and personnel as a base for further growth in that particular area.

The acquisitions of William Cohen Corporation and Electro Physical Instruments Ltd. are examples of our corporate growth plan in action.

Financial

The year end March 31, 1970 has been a record year for our Company. Sales were \$5,941,275, pre-tax profits have increased from \$223,903 to \$514,362 and after tax profits from \$151,442 to \$255,186. Earnings per share have increased from 20.5¢ to 24.1¢.

Management

To support Superior's growth, we have added to our Management team.

Mr. Jack C. Browman has joined the Company as President of Superior International Electronics Ltd. — an import company reaching all parts of the world. Mr. Browman was most recently Vice-President and Director of Product Development of one of Canada's leading electronics importation and distribution organizations, a company which he helped form 10 years ago. Mr. Browman is one of Canada's experts on electronic home entertainment products and on numerous occasions has served as a consultant to the Japan External Trade Organization.

Mr. Lothar J. Lewinson has joined the Company as Vice-President of Manufacturing. Mr. Lewinson was formerly General Manager, Color Tube Division of Admiral Corp. in Chicago and prior to that held various positions at Philips Electrical of England including Manager of Color Tube Operation.

Mr. Bruno C. Boik has joined the Electro Physical Division as Vice-President and Director. Mr. Boik was formerly Vice-President of Engineering and Production of Parsons-Jurden Corporation of New York. Mr. Boik has been responsible for the engineering work which has resulted in projects whose construction value approximates a billion dollars and, as such, brings with him an in depth, detailed knowledge of the industrial environment in which Electro Physical operates.

It is through the addition of key men such as these that our company will extend its reach, and exploit its potential growth and profits.

Outlook

The future looks promising. Consumer product sales will take foothold this year. The color tube replacement market is rapidly expanding with Superior in a unique position to supply this demand. The need for specialized electronic systems is multiplying with important back orders already on hand and many quotations outstanding. We will keep you informed. We appreciate the support of our Shareholders and will continue to strive to justify this confidence.



What are distributor parts ?

Throughout North America there are electronic wholesalers who supply components to the radio, television and electronic service industry. Such components include television picture tubes, television antennas, resistors, capacitors, replacement speakers for hi-fi systems, switches, knobs, tools for servicemen and an entire range of products that enable the T.V. radio servicemen to repair electronic products for the home and for industry. Superior provides the broadest range of such replacement components to the Canadian Distributor (More than 20,000 different items). In addition, Superior supplies both Black & White and color replacement picture tubes to the U.S. market.

Does Superior sell such components to others than wholesale electronic parts distributors ?

Yes, Superior provides replacement B & W and color picture tubes to many brand name manufacturers in Canada and the U.S. who use and sell these tubes under their own brand names. In addition, Superior provides other products such as antennas, resistors, packaged goods, recording tape and electronic chemicals to brand name companies for use under their private brands.

What is the potential for growth of these product lines ?

As more and more electronic products become commonplace in home and industry, replacement components such as Superior provides, will grow in demand. Already color replacement picture tubes are approaching a \$100 million market in the U.S. (more than the B & W market reached at its peak). The Canadian market is following this trend.

Are additional product lines to be added in this area ?

Superior intends to become a one source supplier to the Canadian electronic parts distributor. Everything the distributor needs to supply the T.V. serviceman, will be obtainable from Superior. Several new product lines are in the planning stage, with one or more major lines being planned for fall introduction.

Numerous companies have recently announced the closing of their color picture tube plants — why is Superior so optimistic of the future color replacement picture tube market ?

Each of these plants was designed for supplying the original equipment manufacturer. This market is now over supplied and thus extremely difficult



in which to survive. Superior meets the requirements of a different market — the color picture tube **replacement** market. This market continues to grow as more than 6 million color sets are sold each year, sets whose picture tubes will someday require replacement. Superior is unique because its plant is specifically designed to supply this market.

How has Superior been able to succeed as a manufacturer of picture tubes in a field dominated by giants ?

Most picture tube manufacturers are set up to handle large runs of a single picture tube type. This type of automated plant can efficiently provide the original equipment market (manufacturers of television sets). However, there are over 300 different types of replacement picture tubes which must be provided. Superior's plant can efficiently produce small runs of many different types at one time. Thus Superior's unique position in the picture tube market — a plant especially designed for the replacement market.

Are picture tubes the most important portion of this division ?

Picture tubes are a very important component of sales to the electronic parts distributor and to Superior. But they comprise only one of Superior's 50 different product lines. Picture tubes represent nearly one-half of this division's sales and will continue to grow in volume. As Superior's newer products become more firmly established and other product lines are added, picture tubes proportional to total volume of the division, and certainly the company, will decrease.

CONSUMER ELECTRONICS

Why is Superior entering the consumer products market ?

As leisure time becomes more plentiful and affluence expands, products that provide entertainment will increase in demand. Superior, with its knowledge of electronics and electronic marketing, will be a vital force enjoying the growth of this market.

What knowledge does Superior have of this market ?

Jack C. Browman, formerly a vice president and one of the founders of one of Canada's leading home entertainment import companies, brings to Superior a wealth of insight into the buying and marketing of consumer products. William Cohen Corporation, a wholly owned subsidiary, has experience in the consumer stereo components field and years of expertise in auto entertainment products. These two forces, combined with Superior's engineering ability, will enable rapid penetration of the consumer home and auto entertainment market.

Isn't the competition firmly established in this field ? Why should Superior succeed ?

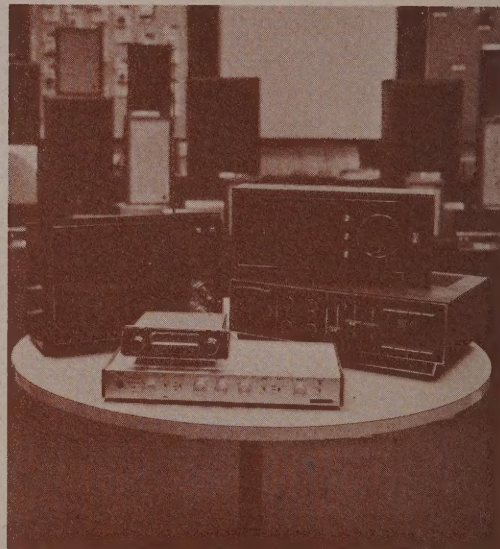
Superior's products will be unique in design and more than competitively priced. Superior has tied up exclusive Canadian rights to specific product designs which it will share with American companies, who have such rights for the U.S. Actually many of the electrical and mechanical specifications have been established by Superior and its American counterparts. Moreover since Superior will be able to tie its needs to the needs of the U.S. market, Superior will be able to utilize the U.S. demand in its purchasing. Thus Superior will be able to pass on its lower costs in the form of competitive selling prices.

Will Superior manufacture these products ?

Superior will be vitally involved in the design of the products, but the products will be bought from the source which combines quality, price and delivery. This source may be anywhere in the world.

What products will Superior introduce in its consumer product line ?

Initially, Superior will provide a complete line of car radios, 8-track and cassette units and speaker systems for the auto. An outstanding line



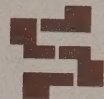
of portable and table radios, B & W portable television, (color television to follow) home and portable recorders, and stereo systems will be marketed. As demands develop other products will be added to the line.

Under what brand will these products be marketed ?

Where products can be obtained that already have well established brand loyalty the brand name will be maintained. In most instances, however, the Superior brand will be used. It is expected that this brand will soon become synonymous with high style and high quality in the consumer entertainment field.

Is the timing right for introducing a consumer product line ?

Developing a product line such as Superior has planned takes years. Superior's reputation, recognized success in the electronics field, and marketing strength will undoubtedly ease market entry. Dollar sales of this division in the first year, although quite substantial, will be a small portion of a multi-million dollar market. By next year when an economic upturn is expected, Superior will already have made adjustments in its line, established its customers and be prepared for the upswing.



What is Special Application Electronics ?

Business and industry today have an increasing number of complex production, testing and control problems. The design and fabrication of specialized sophisticated electronics systems to meet the needs of engineers and management in solving these problems is what Superior refers to as Special Application Electronics.

Why has Superior entered this field ?

As growing interest develops in product safety by government and consumers, companies must devote more dollars and effort to quality assurance. Ideally, quality control is regulated by non-destructive material testing i.e. testing a product in such a way so as not to destroy it or reduce its expected life. This is a field which is still in its embryonic stage. Through its acquisition of Electro Physical Instruments Ltd. Superior has gained a leading entry into this sphere of electronics.

As products become more complex in nature and more competitive in price, manufacturers must employ accurate process control equipment to cut down on labor content and improve the accuracy of control over material usage. With Electro Physical as the base, Superior has entered this field.

Both these testing and control fields are difficult to enter, requiring high technological competence, excellent industrial insight and understanding and substantial financial backing. It is because Superior and Electro Physical possess these characteristics that Superior has entered the area of Special Application Electronics.

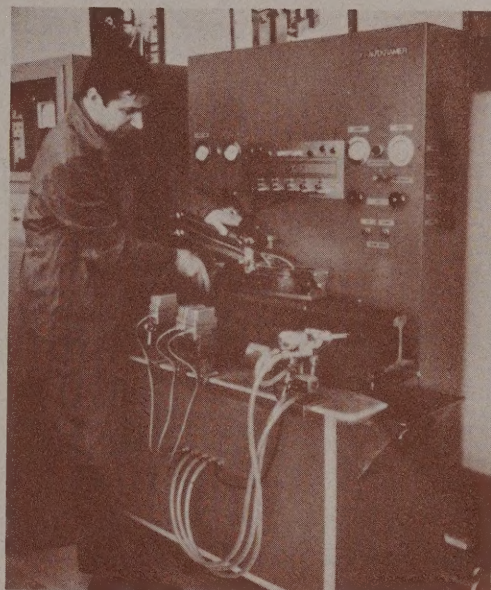
Is Superior an importer or manufacturer of non-destructive testing and process control equipment ?

Superior fulfills both roles. Importations are made from numerous renowned electronics manufacturers into both Canada and the U.S., e.g., ultrasonic equipment from Krautkramer, magnetic particle testing equipment from Tiede, nuclear gauges and particle testing equipment from Berthold, X-ray equipment from Seiffert, level gauges from Vega. Importations are made under exclusive long-term contracts some of which cover all of North America. Some of this equipment is sold as imported but most is incorporated in the specialized systems which Superior designs and fabricates to satisfy the particular needs of its customers.

Give examples of some of the specialized systems which have been designed and built.

A most talked about unit is a stationary rail tester, several of which are presently in operation. This device permits railway track to be passed over it at 100 feet/min., scans the track for flaws, marks the flaws and grades the track. This unit is the most advanced rail tester available in the world.

Another system is being designed to check flaws in steering bars before they are used in automobiles.



A third scans fabric as it is being waterproofed to control the amount of waterproofing chemical being applied. Too little will not properly waterproof the fabric, too much will be wasteful. The company for which this unit was designed, estimates that the unit will pay for itself within several months.

A most recent and exciting product is an ultrasonic unit that tests welds in pipe. The first such unit to be installed in North America is specially designed for large diameter, spiral welded pipe such as is used in long distance pipelines.

Where are such units marketed ?

To date virtually all sales have been made in Canada. With the addition of personnel particularly Bruno Boik formerly V.P. of Parsons-Jurden world-wide marketing has begun through a variety of channels. Krautkramer of Germany, for example, has agreed to handle all ultrasonic related devices world-wide on a sales agency basis. Expansion into the U.S. has begun and to date many inquiries on our products have been requested and several orders are being negotiated.

What expansion is expected of this division ?

People have been added and new enlarged premises have been rented with one objective — very rapid expansion. Expansion will take the form of better exploitation of present markets through a more active sales engineering force, extension of market areas to outside Canada and the addition of new product lines.

It is through this division that Superior will enter the fields of educational and medical electronics, as well as specific avenues of pollution control.

Briefly, what is polyconductivity ?

The theory of polyconductivity explains the behaviour of a large class of crystalline materials that can maintain two or more distinct states. The most interesting of these materials are the transition metal compounds like magnetite, an iron oxide, which switches from being an insulator to being a conductor and back again many million times per second. The compound always remains the same; its state is simply changed. To clarify this, switching is similar to the change in state between water and ice. It always remains H₂O but is different in most of its physical properties. Similarly, when a polyconductor switches states it remains the same compound but is different in its physical and electronic properties.

Who invented polyconductivity ?

Dr. Daniel C. Mattis, Professor of Physics, Belfer Graduate School, Yeshiva University.

Dr. Mattis is a renowned physicist well known for his theoretical work in solid state physics. Since taking his Ph.D at the University of Illinois under Dr. John Bardeen, inventor of the transistor and Nobel Prize winner, Dr. Mattis has published numerous articles including "Existence of Two Phase Transitions in Hubbard Model, December 22, 1969 — Physical Review Letters, Volume 23, Page 1448 — W. Langer, M Plichke and D.C. Mattis", "Switching in Magnetite — A Thermally Driven Magnetic Phase Transition, December 22, 1969 — Physical Review Letters, Volume 23, Page 1444 — T. Burch et al (with M. Lipsicas and D.C. Mattis)" and "Theory of Electronic Switching Effect as a Cooperative Phenomenon — May 5, 1969 — Physical Review Letters, Volume 22, Page 936 — D.C. Mattis". He is regularly a lecturer on magnetic semiconductors at international conferences and has published a major work on this subject in the Handbuch des Physik, the oldest and best known physics handbook. During his research on magnetic semiconductors, he became aware of the materials which are now called polyconductors and developed the theory for these materials which led to the invention of polyconducting or MOXIE (Metal Oxide) switches. In addition, Dr. Max Lipsicas, Professor of Chemistry and Chairman of the Chemistry Department of the Belfer Graduate School has performed the key experiments leading to the confirmation of the concept of polyconductivity. Dr. Lipsicas is well known in his own right as a physical chemist and publishes regularly.

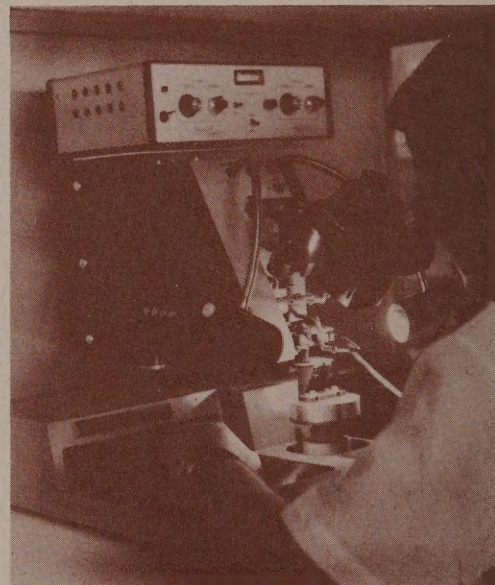
What type of institution is Yeshiva University ?

Yeshiva University with four centres has a faculty of more than 2,200 and an enrollment of 8,000. The University offers a variety of programs for men and women at five undergraduate and eight graduate schools and affiliates and awards 19 different degrees and diplomas.

Yeshiva has an operating budget of \$75,000,000., a present research program of \$20,000,000., a capital fund budget of \$50,000,000. and a development program of \$170,000,000.

How did Superior proceed to obtain the rights to polyconductivity ?

Mr. Richard Golick first met with Dr. Mattis and representatives of the Canadian Department of Industry, who after reading Dr. Mattis' papers,



learning of Dr. Lipsicas' experiments and discussing these with Dr. Mattis and amongst themselves, decided to involve some of the top scientists in Canada. A meeting was held in Ottawa which was attended by scientists representing the National Research Council, Defence Research Board and DOITC. In addition, program representatives of these departments were present. Dr. Mattis and Dr. Lipsicas presented their works to the assembled group. After consultation amongst themselves and verification of the early Lipsicas experiments, the scientific group indicated that this was a most worthwhile area to investigate and that they would recommend that their respective government departments support the project. It was only at this point that Superior proceeded to try to obtain world wide rights to polyconductivity.

Were other companies interested in the rights to polyconductivity ?

After the initial press releases by Yeshiva University, in excess of 1,000 inquiries were received by the University. Numerous serious requests were pursued and Superior gained the rights over several other companies who were actively negotiating with the University at the time.

Why did the University choose Superior over other larger American companies ?

The University and Dr. Mattis explained that their choice of Superior was based on the following reasons :

- a) The University's revenue would be maximized when the theoretical concepts of polyconductivity were fully exploited commercially. Large research oriented companies make their commitments of resources years in advance and many of them had commitments which may have necessitated the delay of the start of research on polyconductivity. Negotiations with the electronics division of a very large



American company fell through when this division was sold to another large American electronics firm who had an important commitment to another sphere of solid state electronics. It appeared apparent that experimentation with polyconductivity would be shelved until the earlier project was fully exploited.

- b) Potential Canadian research grants were most attractive and generally more favourable than that offered in the United States.
- c) The University was impressed by the ingenious way that Superior had very quickly and inexpensively succeeded in a color television research program which was also supported by government funds.

What is the Company paying for these rights ?

The Company has agreed to a royalty arrangement with annual minimums so long as the contract is in effect.

What has Superior acquired from Yeshiva University ?

Superior has purchased the world wide patent rights to polyconductivity and to the past and future research which the University does in this field. This right which extends for 20 years is completely binding on the University and is cancellable solely at the discretion of the Company at various intervals throughout the 20 years.

What government support will the Company receive ?

- a) A \$125,000. grant (over five years) has been agreed to with the National Research Council. Expenditures of the first portion have been approved.
- b) A \$1,500,000. grant (over five years) has been received from the Defence Research Board.
- c) The Company will also participate under the IRDIA (Industrial Research Development Incentives Act) Program of the DOITC (Department of Industry Trade and Commerce) and at a later point may participate under the PAIT (Program for the Advancement of Industrial Technology) Program of the DOITC.

Where will the Company conduct its research ?

The research will be conducted both in Montreal and New York. Superior is building one of the most modern, fully equipped, solid state laboratories in Canada. Superior's research team will investigate the commercial feasibilities of polyconductivity in these facilities. Dr. Mattis and his colleagues will continue on their research work in the new, fully equipped facilities at the University.

Who will conduct the research ?

Dr. Robert T. Payne has been appointed Director of Research and Development at Superior. Dr. Payne is a well known experimental solid state physicist. He earned his B.Sc. and Ph.D degrees at the University of Chicago and has taught physics at the University of Southern California and consulted in the Los Angeles area before joining the Superior group. Prior to his arrival, Dr Payne developed some of the polyconducting materials used by Dr. Mattis. His work also involved research and development in the areas of metals, semiconductors, cryogenics and thin films. He has numerous publications in these fields in both technical and scientific journals.



Why should Superior be able to succeed ?

Superior has successfully engaged in an intricate research project before, and through it was able to manufacture with a very limited amount of funds, but with sound technical knowledge, ingenuity and creativity, the first color picture tube in Canada. The Company is not only financially supported by the government, but the technical resources (both human and physical) of the government departments will be drawn upon. Dr. Mattis and Dr. Lipsicas will serve as regular and active consultants to the project in addition to maintaining a significant research effort at the University. A group of the finest scientists available will join the Superior team and contribute to the research effort. Pure theoretical work will be done primarily at the University. Application work will be done entirely at Superior's laboratory.

What goals has the Company set ?

The Company expects to have prototype devices within a year and marketable devices before two years. These goals have been recognized and accepted as feasible by the Management of the Company, the scientists and government departments.

Can the Company succeed in a field that is dominated by industrial giants ?

Yes.

- a) When the Company entered the picture tube business, this was a field dominated by giants. Today, the Company supplies more than half of the Canadian replacement tube market and is a participant in the American picture tube market. As the Company has entered other spheres, it has rapidly become a dominant force despite the head start and active competition of large organizations, e.g. antennas, rotators, electronic chemicals, etc.

- b) Today, there exist industrial giants who were insignificant or non-existent at the time they began research into transistors and other solid state devices. Some of these firms were started by government grants similar to those recently received by Superior.

Are there different approaches by other companies with the same final objective as Superior's polyconductivity research program ?

There is undoubtedly research being conducted in some of the spheres which Superior will be investigating. Polyconductivity is, however, very versatile and Superior does not know of any other research whose results could be as revolutionary in so many different areas. In some areas, such as the investigation of the optical properties of polyconductivity, Superior is unaware of any similar type research.

Why does Superior feel that polyconductivity is the best answer ?

It is not only Superior's opinion that polyconductivity has the greatest potential of any known approach to a wide variety of electronic and mechanical problems, but also that of a large number of independent scientists. Polyconductivity has not only electronic properties, but thermal and optical properties as well. Polyconductive materials have shown amazing optical switching properties and sensitivity to mechanical vibration and temperature change.

What products does the Company foresee as a possible outcome of its research and development in the field of polyconductivity ?

Although the variety of known potential products is very great and those not yet conceived even greater, below are several applications which help clarify the potential role of polyconductors. It must be recognized that polyconductors today may be compared to transistors in their early development stages. It was impossible at that time to foresee all the potential uses.

CONSUMER ORIENTED APPLICATIONS

a) FM Demodulators

Every television set, FM radio, and police band radio employs one FM demodulator. There are approximately 20,000,000 such items manufactured in the United States each year.

It is believed that substantial simplification and cost reduction could be enjoyed by manufacturing demodulators with polyconductors. In all probability, such a demodulator could be manufactured at the price of a single diode. In the conventional demodulator, there are two such diodes, in addition to numerous other parts.

b) Oscillators

Every television set has at least three oscillators (including vertical and horizontal oscillators). A sample simplification might be in a vertical oscillator where by using a polyconductor, a vertical oscillator might be reduced from 14 components plus 1 triode to 7 components plus 1 polyconductor; the cost of the polyconductor being substantially less than the cost of a triode. With the trend towards lower priced radios and televisions, substantial savings in important components become vital. Polyconductors make such savings possible.

c) Phono Cartridges and Microphones

There are tens of millions of phono cartridges and microphones manufactured and sold in the United States each year. Polyconductors should be able to produce better and less expensive phono cartridges and microphones.

d) Non-Mechanical Camera Shutter

Millions of average to high quality cameras are sold each year. A shutter manufactured of polyconductive material might be constructed that would be relatively low in cost as compared to more elaborate shutter systems. Such a shutter would eliminate interference that presently exists between a moving shutter and a moving object being photographed. Moreover, it would eliminate jarring of the camera upon release and closure of the shutter and further eliminate the interfacing problems between electronic exposure control and mechanical shutter systems since polyconductors and exposure controls are both electronic in nature. The speed of such shutters would greatly exceed anything known today.

e) Electronic Clothes Washers

Using polyconductors, it might become possible to manufacture home ultrasonic clothes washing equipment at competitive prices. The advantages of ultrasonic washing are numerous including the absence of an agitator (no moving parts), less detergent required (possibly without detergents), shorter washing cycle (about one quarter of the time) and virtually no wear on fabrics due to the elimination of the mechanical abrasion of fabric against fabric and fabric against agitator. Moreover, industrial ultrasonic installations have established the superiority of the cleansing ability of ultrasonic over mechanical washing including the possibility of sterilization through ultrasonic washing.

INDUSTRIAL AND SCIENTIFIC

a) Temperature Control Devices

Polyconductors may be used to control temperature within very narrow limits. This application would be most effective in fire alarm and sprinkler systems since present thermal links are one time only and do not reset (i.e. turn on and off) as polyconductors will. For this reason in many instances water damage exceeds fire damage. Polyconductors are effective on/off switches. As soon as the temperature is reduced, the polyconductor will turn off the alarm or sprinkler. Additional uses of the temperature feature of polyconductors could be for radio sondes and environmental control systems such as incubators where precise temperature control is critical.

b) Laser Applications

At present, no satisfactory method exists for modulating a laser. Any techniques used today are both extremely costly and relatively inefficient. The optical properties of polyconductors might enable the manufacture of a laser shutter which would have the capacity to effectively modulate laser beams with a high degree of efficiency and with wide band width. Moreover, this might be done at relatively low cost. Successful modulation of laser beams will make practical the use of lasers for communication purposes.

SUPERIOR ELECTRONICS INDUSTRIES LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME

FOR THE YEAR ENDED MARCH 31, 1970

(With comparative figures for 1969)

	1970	1969 Restated to Effect Poolings (Note 1) (Unaudited)	1969 Combined "Superior Group" (Note 1) (Unaudited)
Net sales	\$5,941,275	\$5,875,854	\$3,193,997
Cost of goods manufactured and operating expenses exclusive of items shown below	<u>5,244,251</u>	<u>5,375,935</u>	<u>2,814,676</u>
	<u>697,024</u>	<u>499,919</u>	<u>379,321</u>
Depreciation	151,041	133,823	114,561
Interest on long-term debt	<u>31,621</u>	<u>40,857</u>	<u>40,857</u>
	<u>182,662</u>	<u>174,680</u>	<u>155,418</u>
Income before taxes	<u>514,362</u>	<u>325,239</u>	<u>223,903</u>
Income tax provisions (Notes 10 & 11)			
Current	214,972	137,187	83,064
Deferred	<u>44,204</u>	<u>(10,603)</u>	<u>(10,603)</u>
	<u>259,176</u>	<u>126,584</u>	<u>72,461</u>
Net income	<u>\$ 255,186</u>	<u>\$ 198,655</u>	<u>\$ 151,442</u>
Net earnings per share (Note 16)			
(1,056,758 shares)	<u>24.1¢</u>		
(920,530 shares)		<u>21.6¢</u>	
(737,680 shares)			<u>20.5¢</u>

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

	1970	1969 Restated to Effect Poolings (Note 1) (Unaudited)	1969 Combined "Superior Group" (Note 1) (Unaudited)
Balance - beginning of year	\$312,498	\$ Nil	\$612,720
Equity in earnings of pooled companies prior to acquisition	—	127,086	—
Adjustment to reflect acquisition of "The Superior Group" at actual combined book value of \$801,823 as at March 31, 1969	<u>(189,103)</u>	<u>—</u>	<u>—</u>
Transactions related to restatement of retained earnings of acquired companies (Note 10)	50,868	—	—
Net income for the year	255,186	198,655	151,442
Dividends	<u>(223)</u>	<u>(13,243)</u>	<u>(243)</u>
Balance - end of year	<u>\$429,226</u>	<u>\$312,498</u>	<u>\$763,919</u>

(See accompanying notes to the financial statements)

SUPERIOR ELECTRONICS INDUSTRIES LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 1970

(With comparative figures as at March 31, 1969)

	ASSETS		
	1970	1969 Restated to Effect Poolings (Note 1) (Unaudited)	1969 Combined "Superior Group" (Note 1) (Unaudited)
CURRENT :			
Cash	\$ —	\$ —	\$ 54,952
Accounts receivable	991,031	848,173	445,612
Inventories (Note 2)	2,004,116	1,459,233	1,037,180
Loans receivable from shareholders	13,512	29,575	29,575
Loans receivable	10,588	—	—
Accounts receivable from government agencies	58,238	38,529	38,529
Prepaid expenses	88,317	27,010	27,010
	<u>3,165,802</u>	<u>2,402,520</u>	<u>1,632,858</u>
FIXED : (Note 5)			
Rolling stock	36,626	32,964	—
Machinery and equipment	865,334	778,800	693,978
Land and building	281,114	281,114	281,114
Leasehold improvements	101,870	92,150	76,418
At cost	1,284,944	1,185,028	1,051,510
Accumulated depreciation	667,266	549,999	481,826
	<u>617,678</u>	<u>635,029</u>	<u>569,684</u>
OTHER :			
Investment in shares of another company —			
at cost (Note 3)	13,436	—	—
Advances to an affiliated company (Note 4)	16,189	—	—
Deposits	12,924	1,635	1,255
Deferred research expenditures (Note 6)	295,945	169,302	169,302
Organization expenses and costs of public financing	23,153	4,077	2,927
Patents and copyrights	15,708	4,598	4,598
	<u>377,355</u>	<u>179,612</u>	<u>178,082</u>
	<u>\$4,160,835</u>	<u>\$3,217,161</u>	<u>\$2,380,624</u>

Approved on behalf of the Board :

RICHARD GOLICK, Director

STANLEY PLOTNICK, Director

(See accompanying notes)

LIABILITIES

	1970	1969 Restated to Effect Poolings (Note 1) (Unaudited)	1969 Combined "Superior Group" (Note 1) (Unaudited)
CURRENT :			
Bank indebtedness (Note 7)	\$ 472,513	\$ 349,804	\$ 283,100
Accounts payable and sundry liabilities	916,411	811,491	569,357
Loans payable to shareholders	—	51,949	—
Long-term debt — due within one year (Notes 8 & 9)	93,623	103,623	103,623
Income taxes payable (Note 10)	217,792	135,675	94,524
	<u>1,700,339</u>	<u>1,452,542</u>	<u>1,050,604</u>
 LONG TERM DEBT (Note 8)	 371,351	 409,200	 409,200
DUE TO SHAREHOLDERS (Note 9)	10,803	45,803	45,803
DEFERRED INCOME TAXES (Note 11)	120,856	76,652	76,652
MINORITY INTEREST IN SUBSIDIARIES	22,130	38,442	—

SHAREHOLDERS' EQUITY

CAPITAL STOCK :			
Combined — issued shares			
Preferred shares			25,162
Common shares			9,284
Consolidated —			
Authorized —			
2,000,000 common shares without nominal or par value			
Issued —			
1,056,758 common shares (920,530 in 1969) (Note 14)	1,502,130	882,024	—
Retained earnings	429,226	312,498	763,919
Contributed surplus (Note 15)	4,000	—	—
	<u>1,935,356</u>	<u>1,194,522</u>	<u>798,365</u>
	<u>\$4,160,835</u>	<u>\$3,217,161</u>	<u>\$2,380,624</u>

the financial statements)

SUPERIOR ELECTRONICS INDUSTRIES LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF SOURCE AND USE OF FUNDS

FOR THE YEAR ENDED MARCH 31, 1970

SOURCE OF FUNDS :

Net income for the year	\$ 255,186
Charges not requiring an outlay of funds :	
Depreciation of fixed assets and amortization	
of deferred research expenditures	151,041
Increase in deferred income taxes	44,204
	<u>450,431</u>
Proceeds of sale of common shares (Note 10)	431,003
Proceeds of sale of warrants (Note 15)	4,000
Adjustment to retained earnings of pooled subsidiaries (Note 10)	50,868
Decrease in current portion of long-term debt	10,000
	<u>946,302</u>

USE OF FUNDS :

Dividends	223
Redemption of preferred shares of subsidiaries	16,322
Investments in and advances to other companies	35,054
Retirement of long-term debt	82,849
Additions to fixed assets and deferred research expenditures	260,334
Other	36,035
	<u>430,817</u>
Increase in working capital	515,485
Working capital - beginning of year	949,978
Working capital - end of year	<u>\$1,465,463</u>

(See accompanying notes to the financial statements)

AUDITORS' REPORT

To the Shareholders of Superior Electronics Industries Ltd.

We have examined the consolidated balance sheet of Superior Electronics Industries Ltd. and its subsidiaries as at March 31, 1970 and the consolidated statements of income, retained earnings and source and use of funds for the year then ended. Our examination of the financial statements of Superior Electronics Industries Ltd. and subsidiaries included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the companies as at March 31, 1970 and the results of their operations and the source and use of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a consistent basis.

Fuller Jenks Landau

FULLER JENKS LANDAU,
Chartered Accountants

Montreal, Quebec
July 8, 1970

SUPERIOR ELECTRONICS INDUSTRIES LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 1970



1. History and principles of consolidation :

The Company was incorporated under the laws of Canada by letters patent dated May 28, 1969. On August 5, 1969 the Company acquired all the outstanding common shares of Superior Electronics Inc., Mercury Electronics Inc., Hudson Electronics Inc., Superior Electronics Sales Ltd., Janus Corp., and Turret Electronics Inc., all of which are collectively referred to as the "Superior Group".

The total outstanding common shares of the "Superior Group" were acquired by the Company through the issuance of 737,680 of its common shares. The "Superior Group" became wholly owned subsidiaries of Superior Electronics Industries Ltd. and the combination has been reflected in the accompanying financial statements as a purchase acquisition at the respective book values of the companies in the "Superior Group".

Effective March 1969, the companies in the "Superior Group" changed their fiscal year ends from September 30 to March 31 thereby reflecting six months of operations. The acquisition of the "Superior Group" was taken into the accounts as if the Company had been in existence at March 31, 1969, the date of the last audited financial statements of the "Superior Group". For comparative purposes, the results of the operations of the "Superior Group" for 1969 have been restated without audit to reflect a twelve month basis to conform with the Company's fiscal year end of March 31.

In transactions involving the issuance of 70,000 shares of its common stock, the Company acquired all the outstanding common shares of William Cohen Corporation and its wholly owned subsidiary Conbro Imports Ltd., in January 1970. In March 1970, 39,800 shares of the common stock of the Company were issued to acquire all the outstanding common shares of Electrophysical Instruments Ltd. These transactions have been reflected in the accompanying financial statements on a pooling of interests basis, and retroactive effect has been given to these transactions, so that the financial statements for 1969 and 1970 include the twelve month results of operations of William Cohen Corporation, Conbro Imports Ltd. and Electrophysical Instruments Ltd., restated to conform with the Company's fiscal year ends March 31, 1969 and 1970.

The Company has contractual obligations as a result of the acquisitions of William Cohen Corporation, Conbro Imports Ltd. and Electrophysical Instruments Ltd. to issue an additional but indeterminate number of common shares. The number of shares to be issued will depend upon earnings of the acquired businesses and the market value of the Company's common stock at the approximate date of issue.

The consolidated statements for 1969 and 1970 reflect the financial position and the results of operations of Superior Electronics Industries Ltd. and its subsidiary companies. All significant intercompany transactions have been eliminated.

2. Inventories :

Inventories are valued at the lower of cost or net realizable value and are classified as follows :

	1970	1969
Raw materials	\$ 593,773	\$ 411,741
Work in process	20,356	16,057
Finished goods	<u>1,389,987</u>	<u>1,031,435</u>
	<u>\$2,004,116</u>	<u>\$1,459,233</u>

3. Investment in shares of another company :

The investment consists of 50,000 common shares of Industrionics (Canada) Ltd. acquired from Mr. Richard Golick by agreement dated July 9, 1969 for a consideration of \$13,436 being his cost. In addition, the voting rights to an additional 25,000 common shares were assigned to the Company until February 4, 1971 pursuant to this agreement so that the Company has until such date the right to vote 25% of the presently outstanding common shares of Industrionics (Canada) Ltd. By agreement dated June 2, 1969, the Company was granted the option to purchase the remaining 200,000 treasury common shares of Industrionics (Canada) Ltd. at a price of \$0.10 per share exercisable at any time for thirty months from such date.

4. Advance to an affiliated company :

An amount of \$16,189 has been advanced to Imperiale Electronics Incorporated for general working capital purposes. Superior Electronics Industries Ltd. has entered into negotiations for the purpose of acquiring the outstanding capital stock of Imperiale Electronics Incorporated.

5. Appraisal of fixed assets :

The fixed assets of four subsidiaries were appraised on July 16, 1969 by Warnock Hersey International Ltd. at a depreciated replacement cost of \$1,123,800. The corresponding depreciated value carried on the books of accounts amounted to \$516,706. The excess of the appraised value over that shown in the accounts of \$607,094 has not been reflected.

6. Deferred research expenditures :

Deferred research expenditures which were incurred in prior years are being amortized over a ten year period. All grants from the Federal Department of Industry, Trade and Commerce on these projects were deducted from the total costs incurred in the year of receipt of the grant. The Company commenced work on a new research program immediately prior to its year end. The accumulated costs applicable to this project have not been amortized.

7. Bank indebtedness :

The bank indebtedness is secured. Several subsidiary companies have assigned their book debts and hypothecated their inventories and in conjunction with the Company have acted as guarantors for the indebtedness of other subsidiaries.

8. Long-Term debt :

The long term debt comprises the following :

Superior Electronics Inc., 8½% loan, due 1976, secured by (i) 8½% mortgage bonds of Superior Electronics Inc. and Mercury Electronics Inc. both constituting a fixed charge upon machinery and equipment and a floating charge upon their undertaking and other assets, (ii)

collateral hypothec upon the immoveable property of Janus Corp. and (iii) the joint and several guarantees of the Company and other companies in the "Superior Group", maturing in equal monthly instalments of \$2,000 principal plus interest \$146,000

Janus Corp., 7% mortgage loan, due 1973, secured by hypothec upon land and building, maturing in equal monthly instalments of \$2,750 principal plus interest 99,000

Superior Electronics Inc., balance due to the Department of Industry, Trade and Commerce, interest 5¾% 181,350
Regulations as set forth from the Department read as follows :
"If the development is not a technological success or if the results of the development are not produced and sold, or the project is not used commercially, the Company shall not be required to repay the department's contribution. However, in this event the department has the right to take title to the results of this project."

Janus Corp., 7½% balance of sale, due June 1, 1971, maturing in equal monthly instalments of \$168.10 including interest 3,624
429,974
Less : due within one year 58,623
\$371,351

9. Due to shareholders :

The amount due to shareholders comprises the following :
8% long-term notes issued by certain companies of the "Superior Group" to certain shareholders, which notes the companies concerned have covenanted to repay by March 31, 1972 \$45,803
Less : due within one year 35,000
\$10,803

10. Restatement of 1969 comparative figures :

For comparative presentation, a further amount of \$57,479 has been charged to 1969 operations to reflect additional income taxes that would have been payable had all the companies been associated for income tax purposes. This amount has been added back to consolidated retained earnings in 1970 net of certain adjustments in the equities of pooled subsidiaries acquired amounting to \$6,611.

The amount of \$431,003 represents the balance of funds received on the sale of 187,320 shares after deducting \$241,000 allocated towards the acquisition of certain of the Company's subsidiaries as if these acquisitions had occurred in 1969 in order to present comparative financial statements. (See note 1).

11. Deferred income taxes :

For income tax purposes, the Company has claimed maximum capital cost allowances which are in excess of the depreciation and amortization recorded in the accounts. Deferred research expenditures are written off for income tax purposes in the year

incurred, but for statement purposes are amortized on a straight line basis over the subsequent ten years.
The resulting deferred income taxes are provided for on the balance sheet to offset income taxes which may be payable in future years when the depreciation and amortization recorded in the accounts may be in excess of maximum capital cost allowances and deductible research expenditures.

12. Lease commitments :

Annual rentals under leases expiring between 1971 and 1977 amount to \$107,000.

13. Directors' remuneration :

The aggregate remuneration paid by the Company to directors and senior officers of the Company for the year ended March 31, 1970 amounted to \$107,098.

14. Capital stock :

During the fiscal year ended March 31, 1970 shares were issued as follows :
929,688 shares as consideration on acquisition of subsidiary companies .. \$1,071,127
127,070 shares for cash 431,003
(See note 10)
1,056,758 \$1,502,130

15. Warrants and stock options :

The Company has reserved 80,000 common shares for the exercise of outstanding warrants. The warrants to purchase 40,000 common shares are exercisable at any time up to and including July 31, 1979 at a price of \$3 per share. These warrants were issued for an aggregate consideration of \$4,000 which amount is reflected as the contributed surplus of the Company. The remaining warrants to purchase an additional 40,000 common shares are exercisable at any time between December 1, 1971 and November 30, 1974.

On October 21, 1969, the Board of Directors adopted a stock option plan for employees under which 25,000 common shares have been reserved. Options under the plan are exercisable at 90% of the market value of the Company's stock at the date of grant. On October 21, 1969, options to acquire 20,000 common shares of stock at a price of \$2.70 were granted to key employees including the options on 3,600 shares granted to a senior officer of the Company. These options are exercisable at the rate of 20% per annum commencing April 1, 1971.

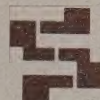
16. Earnings per common share :

Earnings per common share in 1970 were based on the total number of shares outstanding at the end of the fiscal year.

Included in total shares outstanding, is an amount of 9,158 common shares issuable in connection with agreements relating to the acquired companies contingent upon levels of earnings of such companies.

Earnings per share in 1969 were based on the total number of shares, the issuance of which may be said to be attributed solely to the acquisition of the subsidiary companies (See note 1). The earnings per share for the "Superior Group" of companies is calculated on 737,680 shares issued for their acquisition.

The exercise of the initial 40,000 outstanding stock warrants (See note 15) would not have resulted in a significant dilution of earnings per share by taking into consideration additional income calculated at a reasonable return on the funds that would have been realized on their exercise.



Officers

The Superior Group was founded by **Richard Golick**, President of Superior Electronics Industries Ltd. Mr. Golick, 47, graduated from the Illinois Institute of Technology in 1950 with a degree of Bachelor of Science in Industrial Engineering. Prior to founding the Superior Group in 1956, he was a Methods Engineer with Northern Electric Company Limited for two years and then established his own television sales and service business in the City of Montreal.

Stanley Plotnick, 29, the Executive Vice-President of Superior Electronics Industries Ltd., graduated from McGill University in 1962 with a Bachelor of Commerce degree and obtained his Master's degree in Industrial Management in 1964 from the Massachusetts Institute of Technology. Mr. Plotnick led both his graduating classes. He then joined the Superior Group as Controller. Mr. Plotnick works closely with the President in the administration of the company.

Lothar J. Lewinson, 43, Vice-President, Manufacturing, Superior Electronics Industries Ltd., and General Manager of Superior Electronics Inc. and Mercury Electronics Inc., graduated from London University with a Bachelor of Science degree and did post-graduate work in electronics, physics and management. Prior to joining the company, he was General Manager, Color Tube Division of Admiral Corp. and prior to that held various positions at Philips Electrical of England including Manager of Color Tube Operation.

Norman Friedman, 30, the Secretary-Treasurer of Superior Electronics Industries Ltd., graduated from McGill University with a Bachelor of Commerce degree in 1961. He was admitted to the Institute of Chartered Accountants of the Province of Quebec in 1963. Prior to joining the company in 1969, he was employed with a firm of chartered accountants, then with Montreal Engineering Company Limited and Central Dynamics Ltd.

William Cohen, 44, President of William Cohen Corporation, graduated from the Montreal Institute of Technology in 1944. Mr. Cohen has been associated with the Canadian electronics industry for 25 years, and is intimately familiar with every facet of marketing and distribution. He has been involved in many of the major innovations in the industry which today have become regarded as "standards".

John Roch, 49, President of Electro Physical Instruments Ltd., graduated with a degree in Economics from the University of Zagreb and later graduated from the Welding Institute of Vienna as a Welding Engineer. Prior to forming Electro Physical Instruments Ltd., Mr. Roch held various engineering positions with Henry J. Kaiser Company (Canada) Ltd. and Aluminum Laboratories Ltd.

Jack C. Browman, 42, President of Superior International Electronics Ltd., has been engaged in the electronics industry for the past 25 years. For the past 9 years, Mr. Browman has been with American General Supply (AGS) most recently as Vice-President and Director of Product Development. Mr. Browman has travelled extensively throughout the Far East and has acted as consultant to the Japan External Trade Organization on numerous occasions.

Bruno C. Boik, 45, Vice-President and Director of Electro Physical Instruments Ltd., holds degrees in Land Surveying and Civil Engineering. Mr. Boik was formerly Vice-President of Engineering and Production of Parsons-Jurden Corporation of New York. Prior to this, he was Manager of Engineering of Kaiser Engineers (Canada) Ltd.

Operational Managers

Marcus Arts, 39, Chief Engineer of Superior Electronics Industries Ltd., holds a diploma in Electrical and Instrument Design from the Technical School of Nymegen in Holland. Mr. Arts has been employed in an engineering capacity with Superior since its inception.

Louis Cohen, 53, Controller of William Cohen Corporation, studied Accounting Administration, prior to starting with H.L. Baker Inc. where he was involved in the selling and accounting phases of the company for 12 years. He joined William Cohen Corporation and was responsible for starting of the electrical devices division. Mr. Cohen has spent more than 23 years in the electronic and electrical industry.

Sydney Goldstein, 47, Administrative Sales Manager of Superior Electronics Industries Ltd. graduated from the Montreal Institute of Technology in 1941. Mr. Goldstein served in the Services from 1942 until 1945 as Flight Lieut. in the Air Force as a radar officer attached to the RAF. He then worked as Chief Technician in Electroencephalography for the Department of Veteran Affairs from 1946-1951. In 1951, he became Manager of Excel Electronics Inc., an electronic distributor parts company. In 1965, he joined William Cohen Corporation as Sales Manager.

Fred J. Koczi, 33, Manager Manufacturing Operations of Superior Electronics Industries Ltd., joined the company in 1960 after having been employed as a Line Engineer at Philips Electronics Industries Ltd. Mr. Koczi is a graduate from the Vienna Institute of Technology in Electronic Engineering. He presently coordinates the manufacturing operations.

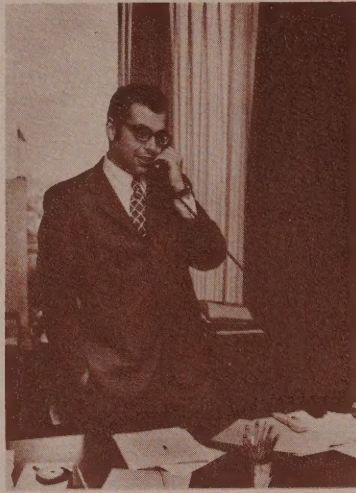
Denis Magnan, 39, Field Sales Manager of Superior Electronics Industries Ltd., is a graduate of Collège Ancre-Grasset. He joined the company in 1965 and prior to that was involved in the sales and service phases of consumer electronics since 1953.

Klemens Maurer, 41, Technical Director of Electro Physical Instruments Ltd., graduated from Hamburg's Engineering College as a Mechanical Engineer. Prior to joining Electro Physical Instruments Ltd., he was a Machine Tool Designer, an Instrument and Control Engineer with a Shell group, Technical Director of Sunvic-Regler, in West Germany, and an independent engineering consultant.

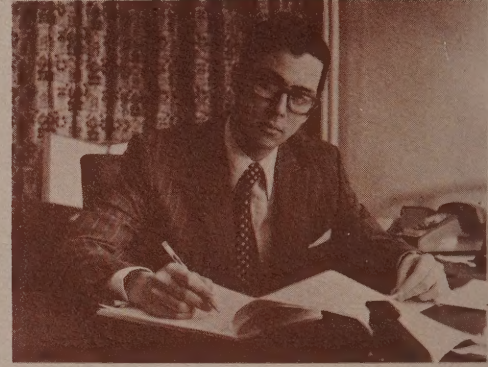
Robert T. Payne, 33, Director of Research of Superior Electronics Inc., received his Doctorate degree from the University of Chicago. Before joining Superior, Dr. Payne was Assistant Professor at the University of Southern California prior to which he was a Research Investigator for the Laboratory for Research on the Structure of Matter at the University of Pennsylvania. Dr. Payne has numerous publications to his credit.



Gordon



Vineberg



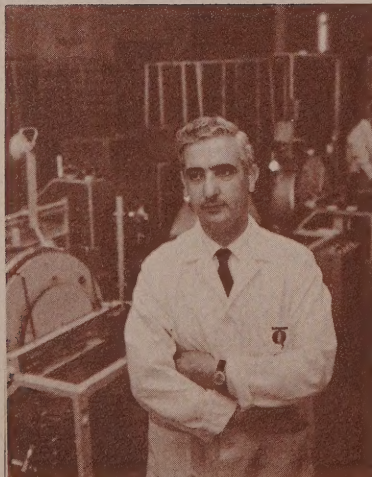
Bloomberg



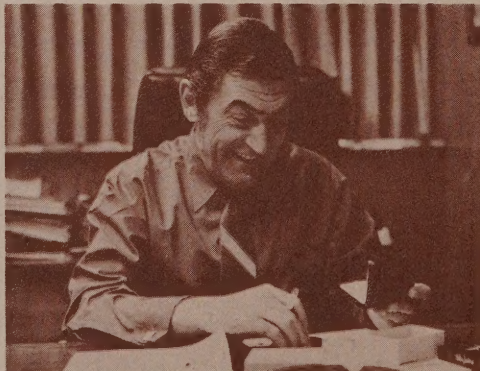
Golick



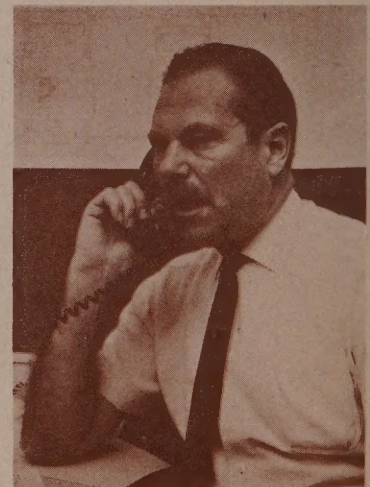
Plotnick



Lewinson



W. Cohen



Roch



Friedman, Browman



Maurer, Boik



Koczi, Payne, Arts



Goldstein, Magnan, L. Cohen



BOARD OF DIRECTORS

Lawrence Bloomberg,
Manager, Research Department —
Nesbitt Thomson and Company, Limited

William Cohen, President —
William Cohen Corporation

Richard Golick, President —
Superior Electronics Industries Ltd.

L. Lamont Gordon, President —
Gordon, Eberts Securities Ltd.

Stanley Plotnick,
Executive Vice-President —
Superior Electronics Industries Ltd.

Robert Vineberg, Attorney —
Phillips, Vineberg, Goodman,
Phillips & Rothman

OFFICERS

Richard Golick, President —
Superior Electronics Industries Ltd.

Stanley Plotnick,
Executive Vice-President —
Superior Electronics Industries Ltd.

Lothar J. Lewinson,
Vice-President, Manufacturing —
Superior Electronics Industries Ltd.

Norman Friedman,
Secretary-Treasurer —
Superior Electronics Industries Ltd.

William Cohen, President —
William Cohen Corporation

John Roch, President —
Electro Physical Instruments Ltd.

Jack C. Browman, President —
Superior International Electronics Ltd.

Bruno C. Boik, Vice-President —
Electro Physical Instruments Ltd.

OPERATIONAL MANAGERS

Marcus Arts, Chief Engineer —
Superior Electronics Industries Ltd.

Louis Cohen, Controller —
William Cohen Corporation

Sydney Goldstein,
Administrative Sales Manager —
Superior Electronics Industries Ltd.

Fred J. Koczi,
Manager Manufacturing Operations —
Superior Electronics Industries Ltd.

Denis Magnan,
Field Sales Manager —
Superior Electronics Industries Ltd.

Klemens Maurer, Technical Director —
Electro Physical Instruments Ltd.

Robert T. Payne,
Director of Research —
Superior Electronics Inc.

GENERAL COUNSEL

**Phillips, Vineberg, Goodman,
Phillips & Rothman** of Montreal

CHARTERED ACCOUNTANTS

Fuller Jenks Landau of Montreal

REGISTRAR AND TRANSFER AGENT

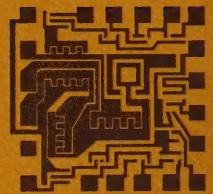
The Royal Trust Company,
630 Dorchester Boulevard West,
Montreal, Quebec

EXECUTIVE OFFICES

Superior Electronics Industries Ltd.,
2255 Dandurand Street,
Montreal 331, Quebec



1



2

SYMBOL

As a multi-faceted electronics company, Superior required a corporate symbol which would relate all of the spheres of electronics in which the Company participates. The new symbol (1) of Superior Electronics Industries Ltd. reflects an integrated circuit (2), a basic component in the electronics industry and an element common to products of Superior's four electronic fields. The symbol consists of four simplified interconnectors and bonding pads (parts of an integrated circuit) composed to form the letter "S".

SUPERIOR

LOGO

The new corporate logo is a stylized version of the brand name "Superior". This logo will appear on all products bearing the company's brand, including consumer products, components, and specialized electronic systems. It is believed that this logo will become synonymous with advanced style and foremost quality.